Dereservation of items for small scale sector

1361. SHRI VIJAY JAWAHARLAL DARDA:
SHRIMATI MOHSINA KIDWAI:
Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether pruning of reservation from 800 in 1997 to 114 till 2007 for small scale sector, has in any way, adversely affected the production capabilities of small and medium enterprises during the last decade; and

(b) if not, whether his Ministry is proposing further pruning of items relating to stationery goods, electrical appliances, mechanical equipment and organic chemicals with twin objective of inviting additional players, domestic and foreign, into these areas to improve product quality and employment generation?

THE MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHAVIR PRASAD): (a) The dereservation of products reserved for exclusive manufacture by micro and small enterprises (MSEs) has not had an overall adverse impact on MSEs, as concluded, *inter alia,* by the two empirical studies got conducted by the Government through Dalal Consultants and Engineers Ltd, and Rajiv Gandhi Institute of Contemporary Studies in the years 2001 and 2006 respectively. There is no policy of reservation of medium enterprises for exclusive manufacturing in that sector.

(b) Items related to stationery goods, electrical appliances, organic chemicals and most of the items pertaining to mechanical equipment have since been dereserved. The issue of reservation and de-reservation of the items reserved for exclusive manufacture in MSE sector is examined on a continual basis by the Government, which takes into account the recommendations of the Advisory Committee constituted under the Industries (Development & Regulation) Act, 1951. These reviews consider various relevant aspects including *inter alia,* trends and development in external trade, domestic and global competitiveness, potential for employment and export, technical feasibility and economic viability of manufacture in the MSE sector etc.

Closure of agro-based SSIs

1362. SHRI N.R. GOVINDARAJAR: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether agro based small industries are facing stiff competition and closure of units with the entry of multinational companies in products, manufactured in rural areas;

(b) if so, the details thereof;

(c) the number of agro-based enterprises being run by the multinational companies and the effect of these companies on the micro and small industries; and

(d) the steps taken by Government to protect these agro-based rural industries from closure?

THE MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHAVIR PRASAD): (a) and (b) With the globalisation of Indian economy, the industries in the country, including agro

and rural industries set up with the assistance provided through the Khadi and Village Industries Commission (KVIC) are facing greater competition in the market. However, there is no report of closure of any agro based small industrial unit as a result of competition from the multinational companies. In fact entry of multinationals has resulted in realization by the units that their operations have to be efficient, cost effective and based on optimal employment of resources. This has oriented the agro-based small industries towards sustainability which is a healthy trend in the long run.

(c) The Ministry of Micro, Small and Medium Enterprises does not maintain specific data on agro based enterprises run by multinational companies. Foreign Direct Investment (FDI) up to 100%, under the automatic route is allowed in the food processing industries and also for the infrastructure facilities like cold storage, transportation, etc. for infrastructure development in the food processing / storage activities. The details of FDI inflows in various agro - based industries during April 2005 to September 2008 as furnished by the Department of Industrial Policy and Promotion.

Ministry of Commerce and Industry, are given below:

Sl. No.	Sector	Amount of FDI inflows (in million)		Per centage of total inflows
		(in Indian Rupees)	(In US Dollars)	
1	Sugar	1,399.89	32.39	0.06
2	Food Processing Industries	11,886.85	277.96	0.47
3	Vegetable Oils and Vanaspati	2,763.93	62.36	0.11
4	Agriculture Services Horticulture Hybrid seeds & Plantation Floriculture Others (Agriculture Services)	5,643.22	138.28	0.22
5	Tea and Coffee (Processing & Warehousing Coffee & Rubber)	1,441.80	34.79	0.06
6	Coir	28,49	0.64	0.00
	Total	23,164.18	546.42	0.92

The processes of liberalization and globalization, while exposing the micro and small enterprises, including those based in rural areas and agro based manufacturing enterprises, to competition, also provide them with opportunities of growth by accessing external markets. The number of micro and small enterprises (including those based in rural areas) has been progressively increasing. Furthermore, the growth rate of production of micro and small enterprises, at constant prices, has been higher than the overall industrial sector, consistently for the last 15 years or so.

(d) The Government has put in place several measures to help small enterprises become globally competitive. The Government has specific schemes for encouraging upgradation of technology to meet global challenges for Micro & Small Enterprises (MSEs). It has also announced a "National Manufacturing Competitiveness Programme" as well as a comprehensive package "Package for Promotion of Micro and Small Enterprises" on 27.02.2007. Together, they provide for

financial support as well as support for cluster based development, latest technologies, quality upgradation, marketing, entrepreneurial and management development and other support measures. Further, Government has enacted the Micro, Small and Medium Enterprises Development Act, 2006 which has become operative from 2nd October 2006 to provide a dedicated statutory framework to facilitate the promotion and development of MSMEs and enhancement of their competitiveness. Measures taken by the Government from time to time for the promotion and development of MSEs and to enhance their competitiveness have helped them to compete in the global as well as the domestic market, as is evident from their growth in terms of number of units, and contribution to national production, exports, employment generation, etc.

Hazardous chemicals used in small industries

†1363. SHRI JANESHWAR MISHRA:
SHRI BHAGWATI SINGH:
SHRI BRIJ BHUSHAN TIWARI:

Will the Minister of MICRO, SMALL AND MEDIUM ENTEPRISES be pleased to state:

(a) whether Government's attention was drawn to the hazardous chemicals used in small industries;

(b) if so, whether Government is taking any step to lay down any safety norms for companies using chemicals so that workers life could be protected and they may work without fear; and

(c) if so, the details thereof?

THE MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHAVIR PRASAD): (a) to (c) For controlling the use of hazardous chemicals, including that by industry, the Government of India has notified the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 and Chemical Accident (Emergency, Planning, Preparedness and Response) Rules, 1996. Under these rules, industries are required, *interalia*, to take the following measures to avoid chemical accidents:

- Preparation of on-sight and off-sight emergency planning;
- Preparation of safety reports and conduct safety audits;
- Prescribe notification on site handling hazardous chemical;
- Report major accidents;
- Preparation of Material, Safety Data Sheet for hazardous chemicals;
- Constitution of Crisis Groups – Central, State, District and Local Level Crisis Groups.

Further, industries are required to provide necessary safety and health measures for the workers under the Factories Act.

Effect of global recession on MSMEs

1364. DR. M.A.M. RAMASWAMY:
SHRIMATI MOHSINA KIDWAI:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

†Original notice of the question was received in Hindi